

Text of Report by President's Counsel to Panel Conducting Billy Carter Inquiry

WASHINGTON, Aug. 4.—Following is the text of the report submitted by the President's counsel to the Senate Judiciary subcommittee.

Counsel's Statement

This report is in response to the subcommittee's inquiry into the relationship between Billy Carter and the Government of Libya and related matters. It covers items not covered by the President's report and the statements of Mr. Carter and Dr. Brzezinski, such as contacts between Billy Carter or his associates with officials of the Department of State, the staff of the National Security Council and other members of the White House staff. It is based on personal interviews with present and former Government employees and the review of documents obtained from the White House and relevant Executive Branch agencies other than the Department of Justice.

This report is not definitive or final. We have not yet had the opportunity to interview all Government employees who might have been to Billy Carter or his associates or to review all documents which might bear on the subcommittee's inquiry. The report does include what we know that is relevant and material to the subcommittee's inquiry at this time. We shall provide the subcommittee with further information periodically as it becomes available.

[I] Billy Carter's Contacts with United States Government Officials Concerning His Trips to Libya

Mr. James V. Bishop and Donald Hester, who are in the Department of State, advised us that in 1978, before traveling to Libya, Henry R. Coleman, an associate of Billy Carter's, called the African desk at the State Department and asked whether there was any ban on travel by United States citizens to Libya. In the course of this conversation, he mentioned that Billy Carter was planning to visit Libya. Mr. Coleman was told by Mr. Bishop and Mr. Hester that there was no such ban and, at Mr. Coleman's request, this was confirmed by letter. We have requested, but not yet received, a copy of the letter from the State Department. Mr. Hester recalls that he informed either William B. Quandt or Gary Sick of the N.S.C. staff about the proposed trip to Libya and was advised by one of them to inform Thomas B. Beard at the State Department of the trip. Mr. Hester told Mr. Beard of Billy Carter's plans and recommended that Billy Carter be briefed on United States-Libya relations upon his arrival in Libya. (The State Department was not given the recommendation to the United States Embassy in Libya in a cable on Sept. 26, 1978, which has previously been released.) Mr. Bishop, who is the United States Ambassador to

Niger, also recalls being told that Mr. Jack Watson of the White House staff called Mr. Hester to ask about Billy Carter's travel plans after the N.S.C. staff was told by the State Department of these plans, but neither Mr. Watson nor Mr. Hester recalls such a conversation.

Mr. Quandt and Kar F. Inderfurth, of the N.S.C. staff, also recall briefings about United States-Middle East policy in telephone conversations with Mr. Coleman in August 1978. They believe that Philip Wise, the President's Appointment Secretary, asked them to telephone Mr. Coleman. Mr. Wise does not recall making such a request. Billy Carter participated briefly in one of these conversations.

In addition, Billy Carter and his associates had brief conversations with United States Embassy officials in Tripoli during their trips to Libya. They were provided routine assistance, obtaining passports by United States government officials.

Contacts by Billy Carter Relating to the Export of Airplanes to Libya

In January 1979, Mr. Quandt telephoned Morris Draper of the State Department and asked him to call Billy Carter at a number in Georgia to brief him on United States policy relating to the export of Libya of eight C-130 planes. Mr. Quandt is not certain who asked him to do this, but believes it was either Mr. Inderfurth or Mr. Wise. Neither Mr. Inderfurth nor Mr. Wise has any recollection of such a request. Mr. Wise did receive a call from Mr. Coleman on Jan. 11, 1979, in which Mr. Coleman called on Billy Carter and Mr. Coleman, including one which Mr. Wise's log shows he received on Jan. 11, 1979, to the best of his recollection none of these calls concerned Libya. Mr. Draper made the call to Georgia, and it was answered by Mr. Coleman. Mr. Draper summarized the history of the U.S. Government's public position regarding approving the export of a policy established in 1973 and still in effect. Mr. Draper states that Mr. Coleman, at a reception in January 1979 for a visiting Libyan delegation, Mr. W. Ian Roy, Country Desk Officer for Libya at the State Department, called him and he was introduced to Billy Carter by a Libyan official with whom Roy was conversing. Mr. Roy asked Mr. Roy about the status of the Boeing airplanes. Mr. Roy assumed that Billy Carter was referring to Boeing 727's, and replied that the licenses for two 727's had been granted two months previously. Billy Carter replied: "Good."

We have been provided with two Commerce Department documents in which Commerce officials speculate that the State Department was under pressure from the White House to oppose export licenses for three 747's ordered by Libya because of White House sensitivity to charges that Libya was seeking to influence the granting of the licenses. Former Secretary of State (Cyrus) Vance and Deputy Secretary (Warren) Christopher confirmed that in their deliberations concerning the export of 747's there was no indication that Billy Carter was a factor one way or the other in the formulation of White House views on this matter and that the export permission was denied solely for policy reasons unrelated to Billy Carter. Dr. Brzezinski's statement also confirms this fact.

(A full account of the United States Government's policies on exports of airplanes to Libya has been provided to this subcommittee in testimony under Secretary State David Newsom.)

In sum, we are aware of no direct or indirect efforts by Billy Carter to influence United States decisions on the export of aircraft to Libya or any other

United States policy or action affecting Libya.

[III] Contacts Between the Department of Justice and White House Staff Concerning the Investigation of Billy Carter

There were two investigative inquiries by the Department of Justice to the White House staff in the course of the President's investigation of Billy Carter. On Sept. 19, 1979, the Department of Justice wrote to the President's Counsel referring to an investigation of the possible obligation of Billy Carter to register as an agent of Libya and inquiring whether the President could receive a gift of a gold mounted saddle from Libyan government officials in October or November of 1978. On Oct. 16, 1979, the Counsel's office replied that White House records showed

the President never received a saddle or any other gift from the Libyan Government during his time in office.

Two F.B.I. interviews with Mr. Wise occurred on March 14 and June 4, 1980. As is customary, attorneys in the Counsel's office helped arrange these interviews. There was also a follow-up telephone conversation between Joe Licker of the Department of Justice and Mr. Wise on July 1, 1980. The inquiry related to the subject matter of telephone calls from Billy Carter to Mr. Wise. Mr. Wise has stated that he has no recollection of any discussion with Billy Carter concerning the export from the United States of aircraft to Libya or other matters concerning Libya.

[IV] Meetings Between the President and Jack McGregor

We have also investigated within the White House staff concerning a meeting between Jack McGregor and the President. Mr. McGregor had been Billy Carter's former commanding officer in the Marine Corps. Mr. McGregor, who was then an executive of Carney Energy Corporation, was invited along with more than 400 business and health care leaders to attend an April 4, 1980, White House briefing on the Hospital Cost Containment Act. The invitation was extended by the White House staff responsible for this meeting, without consultation of the President or the President's Counsel. As reflected in the President's notes attached to his Report, during a short telephone conversation on April 3, 1979, Billy Carter, who was then hospitalized in Long Beach, California, asked the President to see Mr. McGregor when he would be in the White House. In the same conversation Billy Carter told the President how helpful Mr. McGregor had been to him while he was in the hospital. The President's diary shows that Mr. McGregor was in the Oval Office for nine minutes on April 4. The President recalls no meeting with Mr. McGregor's business affairs or Billy's relationship with the Libyans. This meeting is reflected in the notes and correspondence attached to the President's report.

[V] Alleged White House Staff Knowledge of Payments to Billy Carter

So far as we have been able to determine, no one on the White House staff had any information about the payments of \$220,000 made by Libya to Billy Carter as described in his Registration Statement filed pursuant to the Foreign Agents Registration Act or about any evidence in the possession of the Department of Justice relating to such payments, and no one in the White House furnished any such information to Billy Carter or anyone associated with him. So far as we have been able to determine, no one in the White House knew anything about such payments until Billy Carter's counsel informed Mr. Carter of them on July 11, 1980, when the court papers were about to be filed relating to Billy Carter's registration under the Foreign Agents Registration Act. Mr. Carter's statement describes when and how he received this information.

We have determined that a United States intelligence organization did not receive information about these payments to Billy Carter in April 1980 and that sometime before June 11 the head of the organization provided this information directly to the Department of Justice and only to the Department of Justice. We have been assured by the head of the organization that this intelligence information was not furnished to the President or to anyone on the White House staff. We have also been advised by this same official that the organization has provided to the Justice information and a description of how it was handled to the Senate Select Committee on Intelligence.

The documents pertinent to this report which are not attached to the President's Report and associated statements are attached here.

/s/ Alfred H. Moses

Special Counsel

/s/ Michael R. Cardozo

Deputy Counsel to the President

/s/ Joseph Onek

Deputy Counsel to the President

/s/ Barbara E. Bergman

Associate Counsel to the President

Supporting Documents

Lloyd N. Cutler
1084 K Street N.W.
Washington, D.C. 20006
September 26, 1979

MEMORANDUM FOR MESSRS. LIPSCHUTZ, ONEK AND CARDOSO

Attached is a letter from Robert Keuch of the Criminal Division at Justice inquiring about Libyan gift of a "gold mounted" saddle to the President and to his brother and requesting we make inquiries to determine if the allegation is true.

L.N.C.

September 19, 1979
Honorable Lloyd N. Cutler
Counsel to the President
The White House
Washington, D.C. 20505

Dear Mr. Cutler:

This division is conducting an investigation into the possible obligation of William A. Carter to register as the Attorney General as an agent of the Socialist People's Libyan Arab Jamahiriya. In attempting to develop facts surrounding William Carter's relationship with the Libyans and in connection with his trip to Libya during late September 1978, we have learned that officials of the Libyan Government reportedly gave a gift of a "gold mounted" saddle to President Carter in October or November 1978. A similar "silver mounted" saddle was given to William Carter by the Libyan Government.

Would you kindly institute appropriate inquiries in order to determine if the allegation regarding the reported gift to the President is in fact true, the circumstances surrounding the making of the gift as well as its disposition.

Should you need additional information, please do not hesitate to contact me.

Sincerely,

Robert L. Keuch

Deputy Assistant Attorney General
Criminal Division

THE WHITE HOUSE
Washington
October 18, 1979

Dear Mr. Keuch:

Lloyd Cutler has requested that I respond to your letter of September 19, 1979.

The White House has no record of President Jimmy Carter receiving a gift of a "gold mounted" saddle from officials of the Libyan Government during any other time during President Carter's term as President. Presidential records indicate that President Carter has never received any such gift from the Libyan government since he assumed office.

Please let me know if I can be of further assistance in this matter.

Sincerely,

Michael H. Cardozo

Deputy Counsel to the President

Mr. Robert L. Keuch
Deputy Assistant Attorney General
Department of Justice
Washington, D.C.

Lloyd Cutler Explains His Actions to Subcommittee

Continued From Page 1

one in April 1980 of \$200,000. He said the payments were loans, but that there was no documentation for the loans. Before making this call to Mr. Ruth, I had put in a call to Mr. Powell, who was on Jekyll Island, next to Sapele, so that he would be prepared for any requested White House comment on the public filing occurred that day. The call to Mr. Powell was not completed until after my second talk with Mr. Ruth. I then informed Mr. Powell of the above developments, including what Mr. Ruth had told me about the large payments. I said that I was not aware of any such payments. I said I felt sure the President had not known about them. I asked Mr. Powell to inform him by the time the court papers were actually filed and a White House comment might be requested.

I returned to Washington on Oct. 13. On Monday, Oct. 14, Mr. Powell came to advise that the consent judgment had been agreed and that the complaint, consent judgment and the court statement had been filed. He then sent me copies of the court documents. I telephoned the President's secretary, Susan Clough, on Sapele Island to ask if the President was available. He was out fishing. I asked her to inform the President of these developments, including the large payments, when he returned. I then arranged to have a copy of the court documents sent to Ms. Clough in the next delivery of White House mail.

Later on the 14th, I had occasion to call the Attorney General on an unrelated matter. I found that he was in San Francisco attending the Ninth Circuit Conference. I asked for the Deputy Attorney General, Mr. Eugene T. Goss, and found that he was also in San Francisco. I asked my secretary to leave word for me to call. Later that day the Attorney General returned my call. After we disposed of our other business, I mentioned to him that the complaint and judgment in the Billy Carter case had been filed that morning. I said that I had just advised the White House press offices, if it were questioned, he pointed that I believed there had been no contact between the Justice Department and the White House in either direction concerning the conduct of the investigation. He confirmed that this was correct.

During the week of July 14 numerous questions were raised as to White House knowledge of various aspects of Billy Carter's alleged activities, and as to conflicts between the White House and the Justice Department about the Department's investigation. By the end of that week, after consulting with Mr. Powell and me, the President concluded that it would be desirable to prepare a press statement responding to all these questions. Such a statement was issued on Tuesday, July 24. Before its issuance, I checked the point that there had been no contact in either direction between the Justice Department and the White House concerning the conduct of the investigation of the Attorney General. He again confirmed that this was correct. The state-

ment was also reviewed and approved by the President.

18. The circumstances under which I reviewed the July 17 conversation between the President and the Attorney General are as follows. In preparation for the July 22 statement, I had asked Susan Clough to check the names of personal files and telephone logs to look for any items relating to telephone conversations with Billy Carter. I also asked her to review the President's dictations into a machine for later transcription and to which only Ms. Clough and the President have access — with priority emphasis on the July 17 conversation. I might find of the telephone conversations between the President and Billy Carter that were identified in the logs as having occurred on June 28 and July 1. Ms. Clough had not yet transcribed the dictation from the dates on which those conversations were logged. She did so, and with the President's approval, gave the transcriptions of notes for the complaint, consent judgment and the court statement. I reviewed the notes for June and July 17, completing this transcription, she reviewed as the President's personal notes for the period from March 1978 through July 21, 1980, and typed extracts of any entries relating to Billy Carter and Libya. She completed this transcription on July 24, and delivered it to the President for review. On the evening of the 24th, the President called me and said he had just been through the notes and wanted to read some of them to me. He read several to me and then came to one relating to a conversation he said he had completely forgotten. He then read me the note of the Attorney General's June 17 statement to him about Billy. He asked me to review this and the other notes the next morning and to let him know if he had any questions about just having found and read the notes of the June 17 conversation which the Attorney General had forgotten. The Attorney General immediately confirmed that there had been such a conversation and described it substantially as the President had in the notes. Mr. Goss said that the fact of this conversation required amplification of our July 22 statement. I reviewed the notes and then called to review the June 17 item with him.

19. Later that evening Mrs. Cutler and I attended a dinner at the Austrian Embassy. The Attorney General was present. During that evening I took the Attorney General aside and told him what the President had said to me about just having found and read the notes of the June 17 conversation which the Attorney General had forgotten. The Attorney General immediately confirmed that there had been such a conversation and described it substantially as the President had in the notes. Mr. Goss said that the fact of this conversation required amplification of our July 22 statement. I reviewed the notes and then called to review the June 17 item with him.

20. The next morning, July 24, I reviewed the notes. Before I could call Mr. Cutler, he had called me to say that he had just been told the Attorney General had issued his own press statement about the conversation and was about to hold a press conference.

21. There have been suggestions in

the press that my actions described in paragraphs 3-15 above tended to interfere with the Justice Department's efforts to enforce the law against Billy Carter. All of my actions were intended to be — and I believe they were — in the interest of law enforcement and in the institutional interest of the Presidency.

I served these interests to urge Billy Carter to retain counsel to advise him of his rights and duties and represent him before the Department of Justice.

I served these interests to respond to his request to suggest a suitable counsel and to give him a choice of competent, experienced and ethical lawyers.

I served these interests to urge

Billy Carter and his lawyers to disclose his participation in the Iranian hostage meeting to the Department of Justice.

I served these interests to recommend to the President that he urge his brother to file a registration statement making a full disclosure of the very step the Justice Department lawyers were urging Billy and his lawyers to

I served these interests to avoid and recommend against any contact by the White House with the Department of Justice concerning the investigation.

I served these interests to advise Billy Carter's lawyers to advise me when final disposition of the case was imminent, so that the White House could respond to the inevitable media requests for immediate comment.

Supporting Documents

June 26, 1980
Personal
Memorandum for the President

As you know, your brother Billy has consulted Steve Pollak and Henry Ruth as to the Hamilton's lawyers. For advice on the continuing Justice Department inquiry into Billy's failure to register under the Foreign Agents Registration Act in connection with his activities in behalf of the Government of Libya.

Pollak and Ruth met with the Justice Department attorneys last week. They were told that unless Billy agreed to register by Friday the 27th, the judgment of it will be either the convening of a grand jury to present charges of a criminal violation or the bringing of a civil injunction action to enjoin Billy from further activities unless he registers and makes the required disclosures.

Pollak and Ruth are trying to persuade Billy to register, but have so far not succeeded. They are asked for an extension of time until Monday, July 7. They have been promised an answer this afternoon on whether this extension will be granted. In the judgment of Pollak and Ruth the Justice Department lawyers in charge of the case would be satisfied with the filing of registration. However, there is some risk that registration this late would not satisfy Phil Heymann, Assistant Attorney General in charge of the Criminal Division.

The attached Staffer column in today's New York Times complicates the situation still further.

Neither the Attorney General nor anyone else in Justice has discussed timing or any other aspect of the matter with me. I recommend against initiating any inquiry at this time.

If any action is taken tomorrow, I will prepare an appropriate draft statement for use in response to press inquiries and send it to you and Mr. Goss.

Handwritten note from Lloyd Cutler reads as follows:

Personal July 1

Mr. President:

I have talked again with Billy's lawyers. They are unwilling to provide what he will decide. His principal hanging over remains that registration as a "foreign agent" is an admission of bad conduct, that no one in his circle would understand his acting as a "foreign agent" and that he did not so regard himself.

They say their relationship with him seems good and trusting, but that he is very "down and out" and in need of a friend. They have no advice on whether you should call, but urge that if you do talk should focus on his situation and what is in his best interest.

Registration as a foreign agent, of course, is the same as registering a lobby and filing personal financial data as a government employee. Law firms and public relations firms register as foreign agents all the time, usually with a disclaimer letter saying they do not feel their activities are covered but that they are filing in the interests of full disclosure.

From Billy's point of view, an agreement to register is obviously preferable to a grand jury investigation or more likely a civil injunction proceeding. Either would be a gift from the Justice Department to a simple registration.

If you do call, your knowledge of the situation should be based on my very recent call to him, rather than any indication you know what Billy's lawyers are advising him.

Billy's lawyers must advise the Department by the close of business today.

Lloyd

A note from Lloyd reads as follows:

July 2

Mr. President:

Re Billy:

1. His lawyers asked Justice for additional time until noon today. Justice agreed.

2. Billy will meet this morning with his lawyers to decide.

3. Your talk yesterday was helpful.

Lloyd

